

September 19, 2024

The Honorable Debbie Stabenow Chair,  
Senate Committee on Agriculture,  
Nutrition, and Forestry  
U.S. Senate  
Washington, D.C. 20510

The Honorable John Boozman  
Ranking Member, Senate Committee on  
Agriculture, Nutrition, and Forestry U.S.  
Senate  
Washington, D.C. 20510

Thompson Chair, House Agriculture  
Committee U.S. House of  
Representatives Washington, D.C.  
20515

The Honorable David Scott  
Ranking Member, House Agriculture  
Committee  
U.S. House of  
Representatives Washington,  
D.C. 20515

The Honorable Glenn “GT”

Dear Chairwoman Stabenow, Ranking Member Boozman, Chairman Thompson and Ranking Member Scott,

At a time when the U.S. is projected to run the largest agricultural trade deficit in modern history for the second year in a row – driven in large part by the year-round demand for horticultural products like fruits and vegetables – controlled environment agriculture (CEA) farmers stand poised to help expand the year-round domestic production and availability of healthy, nutritious fresh produce while offering added benefits to consumers, the environment, employees and the food system.

We believe the federal government must play a greater role in fostering innovation, accelerating research and data collection, and ensuring that CEA producers have the tools and resources needed to thrive.

As you continue to negotiate the 2024 Farm Bill, we call your attention to three bills that will help foster growth for the domestic CEA industry and the corresponding provisions in the House’s Farm, Food, and National Security Act of 2024 (H.R.8467) and the Senate’s Rural Prosperity and Food Security Act.

1. *The Supporting Urban and Innovative Farming Act* ([S. 2591/H.R. 5915](#))
2. *The Food Supply Chain Capacity and Resiliency Act* ([H.R. 4873/S. 4099](#))
3. *The Supporting Innovation in Agriculture Act* ([H.R. 9263](#))

**The Supporting Urban and Innovative Farming Act (S. 2591/H.R. 5915)** This bill would build upon many of the successful provisions in the 2018 Farm Bill to ensure that the U.S. Department of Agriculture has the tools and resources necessary to support CEA producers across the country.

Specifically, the bill would:

- improve the content, outreach and delivery of technical assistance to CEA producers (Sec. 10004 of House bill; Sec. 12208 of Senate bill);
- expand eligibility within AFRI for research related to hydroponics, aquaponics, aeroponics, and other CEA production technologies (Sec. 7503 of House bill; Sec. 12208 of Senate bill);
- authorize data collection on indoor agricultural production based on authorizing language included in the 2018 Farm Bill (Sec. 7212 of Senate bill);
- expand eligibility within NIFA to allow land-grant universities, HBCUs, and community and vocational colleges to use grant funds to establish workforce development programs, develop specialized curriculum and support professional credentialing for CEA (Sec. 7510 of Senate bill, portions of Sec. 7503 of House bill);
- provide mandatory funding for the Office of Urban Agriculture and Innovative Production, including the UAIP competitive grant program (Sec. 12208 of Senate bill); and
- allow producer groups to be eligible entities for purposes of the competitive grant program (Sec. 10004 of House bill; Sec. 12208 of Senate bill).

**The Food Supply Chain Capacity and Resiliency Act (H.R. 4873/S. 4099)** This bill would provide critical alternative funding for CEA farms and other similar capital intensive industries like dairy or poultry processing by enhancing and making permanent USDA's previous Food Supply Chain (FSC) Guaranteed Loan Program – the only major federal loan program to have been available to the CEA industry. We were very glad to see the FSC Guaranteed Loan Program reflected in both House (Sec. 6304) and Senate (Sec. 6503) versions of the farm bill, however we have concerns about the unintended impacts of Sec. 6304 as drafted and look forward to working with your teams to address these issues.

Embedding the FSC Guaranteed Loan Program into USDA's Business & Industry Loan Guarantee Program may subject the program to additional layers of financial and regulatory complexity compared to its previous iteration, which could create unnecessary barriers for participation and undercut the innovative nature of the program as Congress originally intended. For instance, the higher application and renewal fees can make B&I loans prohibitively expensive for producers compared to other USDA guaranteed loans.

In addition, the inclusion of paragraph (4) in Sec. 6304 places unnecessary restrictions and burdensome requirements on non-rural producers, which could significantly hinder the ability of some CEA producers to utilize the program. For example, few non-rural producers will be able to demonstrate that the primary benefit of the loan guaranteed will be to provide employment for residents of a rural area. Understanding the need to delineate between rural and urban entities per B&I regulations, we would encourage any final agreement on this matter to clearly allow rural and urban producers be eligible or provide the Secretary with the authority to waive any rural requirements without subjecting the applicant to additional layers of complexity. In addition, the 10% cap in subparagraph (4)(C) may reduce flexibility for the Department to respond to pressing

challenges in our supply chain. Finally, we urge the final Farm Bill to authorize loan guarantees up to \$80 million as supported in the bipartisan proposals of H.R. 4873 and S. 4099.

One targeted reform that would be critical for the CEA industry would be the inclusion of report language or legislative language in the Farm Bill clarifying that FSC Guaranteed Loan Program funds can be used to support an entire CEA project, not just the post-production assets. This is needed because the first iteration of the program, as implemented by USDA, excluded use of funds for agricultural production and no other agricultural production loan program overseen by USDA fits the unique needs of CEA producers like the FSC Guaranteed Loan Program. Given that CEA operations were previously eligible for the FSC Guaranteed Loan Program, this clarification would not increase the number of eligible recipients but more accurately reflect the capital needs of CEA operations.

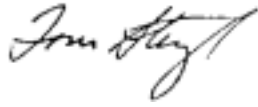
### **Supporting Other Important CEA Priorities**

While the CEA industry continues to grow at a steady pace, it is not growing at the pace our country needs from a national food security standpoint due in part to the fact that CEA producers are not eligible for many of the existing farm programs authorized by the Farm Bill. We recognize that there are important opportunities outside of the Farm Bill, including in tax and labor policy, that could help complement the important reforms needed in the Farm Bill.

One specific bill, *The Supporting Innovation in Agriculture Act* ([H.R. 9263](#)), introduced by House Ways & Means Tax Subcommittee Chairman Mike Kelly and Ranking Member Mike Thompson, would establish a time-limited tax credit to accelerate the deployment of innovative farming technologies for U.S. specialty crop producers, including precision agriculture technologies and controlled environment agriculture technologies. The bill is currently supported by over [50 organizations and associations](#) as well as [27 individual state departments of agriculture](#). We believe H.R. 9263 would fill an important policy gap for domestic specialty crop producers and would complement other important efforts that are under consideration in the Farm Bill. We strongly encourage you to support the inclusion of H.R. 9263 in any end-of-the year legislative package, as well.

The CEA Alliance appreciates the steps taken in Farm Bill negotiations to date to accelerate government support and investment in controlled environment agriculture. We look forward to continuing to work with you to advance legislation that will best support an important and growing part of U.S. agriculture. A reversal of the rising agricultural trade deficit is possible with the right investments and policies in place. However, meaningful action will require focusing not only on growing export markets, but also deploying innovative technologies like those being used by CEA producers to grow more food here at home all year round.

Sincerely,

A handwritten signature in black ink, appearing to read "Tom Stenzel". The signature is fluid and cursive, with the first name "Tom" and last name "Stenzel" clearly distinguishable.

Tom Stenzel  
Executive Director  
CEA Alliance